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**FISCAL IMPACT STATEMENT**

**LS 6716**

**BILL NUMBER:** SB 226

**NOTE PREPARED:** Feb 12, 2004

**BILL AMENDED:** Feb 12, 2004

**SUBJECT:** Delinquent Personal Property Taxes.

**FIRST AUTHOR:** Sen. Skillman

**FIRST SPONSOR:** Rep. Stevenson

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires a creditor that acquires and transfers personal property on which the creditor holds a lien and on which personal property taxes are delinquent to pay the delinquency from the proceeds of the transfer before applying the proceeds to the lien. The bill requires creditors that come into possession of personal property on which property taxes are owed to file a delinquent personal property tax form with the county treasurer.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** (Revised) The State Board of Accounts must prescribe the delinquent personal property tax form. The Board should be able to absorb any additional administrative expenses associated with prescribing the form given its existing budget.

**Explanation of State Revenues:** The state levies a small tax rate for State Fair and State Forestry. The rate is applied to both real and personal property. Any increase in personal property tax collections will result in an increase in revenue collected for these two funds. The overall impact, however, is not expected to be significant. (See *Explanation of Local Revenues.*)

**Explanation of Local Expenditures:** (Revised) The bill requires that after May 10, 2005, creditors that come into possession of personal property on which property taxes are owed to file a delinquent personal property tax form with the county treasurer. The county treasurer has 14 days after the date that the creditor requests the delinquent personal property tax form to provide the form to the creditor. The county assessor and township assessor must provide assistance to the county treasurer in determining the appropriate assessed value and delinquent personal property taxes of the personal property identified by the creditor. These provisions may increase administrative expenses for the local units; however, the impact is not expected to

be significant.

**Explanation of Local Revenues:** Requiring a creditor that acquires and transfers personal property on which the creditor holds a lien and on which personal property taxes are delinquent to pay the delinquency from the proceeds of the transfer before applying the proceeds to the lien will increase personal property taxes collected by the county treasurer by an indeterminable amount. Delinquent personal property taxes are distributed in the same manner as all other property taxes. This provision applies to property taxes first due and payable after December 31, 2004.

**State Agencies Affected:** State Board of Accounts, State Fair and State Forestry Funds.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.